



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

ROBERT J. KLEINE
STATE TREASURER

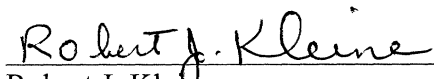
August 10, 2007

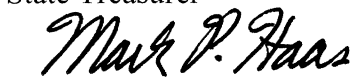
To Whom It May Concern:

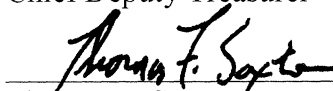
Re: Approval of Documents Pertaining to Bonds Issued by the State of Michigan and Certain State Authorities and Authorization to Represent the State Treasurer at State Authority Meetings and Enter into Memorandums of Understanding

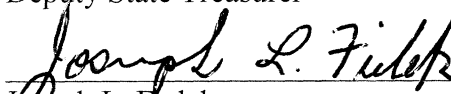
- THIS AUTHORIZATION SUPERSEDES ALL PREVIOUS AUTHORIZATIONS

By this document, I, Robert J. Kleine, State Treasurer, hereby authorize Mark P. Haas, Chief Deputy Treasurer, and Thomas F. Saxton, Deputy State Treasurer, and Joseph L. Fielek, Director, Bureau of Bond Finance, Department of Treasury, whose signatures appear below, to attend all meetings which I am unable to attend, such attendee serving in my place as a member of the boards as applicable of the Michigan Higher Education Facilities Authority, the Michigan Municipal Bond Authority, the Michigan Public Educational Facilities Authority, the Michigan State Hospital Finance Authority, the Michigan Higher Education Student Loan Authority, the Michigan Higher Education Assistance Authority, the Michigan Tobacco Settlement Finance Authority, the Michigan Broadband Development Authority, the Michigan State Housing Development Authority, and the Michigan Forest Finance Authority, to sign all documents necessary to effect the issuance of bonds by any one or more of the foregoing Authorities and the State of Michigan, and to enter into Memorandums of Understanding for any one or more of the foregoing Authorities.


Robert J. Kleine
State Treasurer


Mark P. Haas
Chief Deputy Treasurer


Thomas F. Saxton
Deputy State Treasurer


Joseph L. Fielek
Director, Bureau of Bond Finance

MEMORANDUM OF UNDERSTANDING
between
THE MICHIGAN STRATEGIC FUND
and
THE MICHIGAN FOREST FINANCE AUTHORITY

I. Purpose

This Memorandum of Understanding (MOU) is entered into between the Michigan Strategic Fund (MSF) and the Michigan Forest Finance Authority (MFFA) to set forth the parties' responsibilities with respect to the funds appropriated in 2005 Public Act 225, section 88j(3)(a) from the 21st Century Jobs Trust Fund.

As specified in 2005 PA 225, the MSF shall make a commitment of \$26,000,000 to the MFFA for purposes under part 505 of the Natural Resources and Environmental Protection Act, 1994 PA 451, MCL 324.50501 to 324.50522. Executive Order 2007-3 reduced the expenditures authorized by the appropriation by \$20,000,000. Thus, \$6,000,000 (the "Funds") is available. The money shall be spent only as provided by the MFFA. 2005 PA 225 authorizing this transfer also specifies that the Funds should be classified as a work project as defined in section 1451a of the Management and Budget Act, MCL 18.1451a. The purpose of the project is to provide substantial economic benefits and job creation within this state and to create incentives for the diversification of the economy of this state.

II. Term of the MOU

This MOU will be in effect from October 1, 2006 through September 30, 2010, unless it is modified, according to Section V.

III. MFFA Obligations

- A. The MFFA shall be responsible for complying with all applicable rules and regulations in regard to use of these Funds.
- B. The MFFA agrees to comply with its project plan, spending plan, and timeline for cash needs, as described in more detail in Exhibit A and incorporated into this MOU. The MFFA acknowledges that its spending plan includes an estimated use of Funds for administrative purposes as well as projects consistent with the purposes of the 21st Century Jobs Fund initiative. The MFFA further acknowledges that all administrative costs incurred in performing this project shall be paid out of the total Funds allocated under this MOU.
- C. The MFFA is responsible for:
 - i. Determining and coordinating program goals, objectives, and criteria.
 - ii. Providing program oversight and onsite verification of completed projects.
 - iii. Processing payments based on completion of projects.
 - iv. Responding to all future inquiries concerning details of the use of the Funds provided.

- v. Maintaining accounting records in accordance with the Generally Accepted Accounting Principles (GAAP) and following audit requirements imposed by the Office of the Auditor General as a result of this MOU.
 - vi. Providing the Chief Compliance Officer free access to any book, record, or document in MFFA's custody, relating to the matters within the scope of the Chief Compliance Officer in the performance of his duties.
- D. The MFFA shall be subject to audit as provided in law. The Michigan Office of the Auditor General must have access to records pertaining to the use of the grant dollars.
- E. The MFFA agrees to provide MSF with semi-annual reports due on April 15 and October 15, 2007, 2008, 2009 and 2010 along with an invoice of actual program expenditures including administrative costs for reimbursement, for the six (6) month period ending March 31 and September 30, respectively. The MFFA acknowledges that the MSF may request additional information deemed necessary to ensure compliance with MCL 125.2088j(3)(a) and this MOU. Reports and reimbursement requests shall be submitted to:
- Michigan Strategic Fund – MEDC Finance Office
300 N. Washington Square
Lansing, MI 48913
- F. An annual expenditure and progress report for the activities described in Exhibit A of this MOU shall be submitted by the MFFA to the MSF before November 30 each year for the prior fiscal year activity. This report shall detail the use and disposition of the Funds provided.
- G. The MFFA agrees to repay any Funds to the 21st Century Jobs Fund determined not to be spent in accordance with this MOU or applicable law, or otherwise disallowed by the Office of the Auditor General.
- H. The MFFA agrees that the Funds will be retained in the 21st Century Jobs Trust Fund and disbursed only as necessary to fund current requirements for programs or activities.
- I. The MFFA agrees to provide at least two (2) business weeks advance notice to the Department of Treasury/State Cash Management prior to the agency issuing any disbursements equal to or exceeding \$1,000,000.00.

IV. MSF Obligations

The MSF shall provide Funds up to a total of \$6,000,000 from the 21st Century Jobs Trust Fund as provided by law and as described in this MOU.

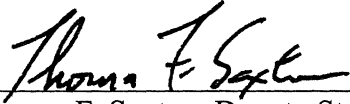
V. General Provisions

This MOU may only be amended in a writing signed by the parties. Either Party may terminate

this MOU at any time by giving sixty days prior written notice to the other Party.

IN WITNESS WHEREOF, the Michigan Strategic Fund and the Michigan Forest Finance Authority have executed this Memorandum of Understanding on August 29, 2007.

Michigan Forest Finance Authority


By: Thomas F. Saxton, Deputy State Treasurer

Michigan Strategic Fund

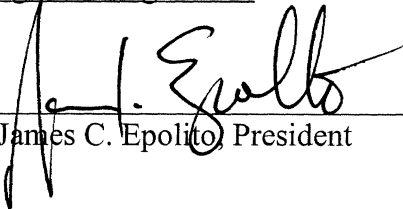

By: James C. Epolito, President

Exhibit A – MOU for 21st Century Job Fund

Proposal Title	MFFA Resoluti on Number	Date Approved	Duration of Proposal	Amount Approved	Estimated Expenditures FY 2007*	Estimated Expenditures FY 2008*	Estimated Expenditures FY 2009*
Economic Assessment	2006-03	7/26/06	N/A	\$25,000	\$25,000		
Red Pine Project Implementation Proposal	2006-08	7/26/06	3 years	\$1,957,400	\$616,200	\$748,200	\$593,000
State Forest Inventory And Site Potential Database Completion Proposal	2006-11	12/12/06	10/30/08	\$679,900	\$330,000	\$349,900	
Forest Cultural Resource Management Pilot Project	2006-12	12/12/06	10/30/07	\$137,000	\$137,000		
Forest Market Assessment and Harvesting and Transportation Benchmarking				\$24,000		\$24,000	

*Any amount not expended will carry forward into the next fiscal year.

Uncommitted balance of 21st Century Job Fund - \$3,176,700